

PART 5 FUNDRAISING AND POLITICAL ACTIVITIES OF THE NATIONAL PARTIES AND ADMINISTRATIONS

Chapter 27: White House Coffees and Overnights

Many political supporters of President Clinton have attended so-called “coffees” at the White House arranged by the Democratic National Committee. Others have stayed at the White House as overnight guests, often in the historic Lincoln Bedroom. The coffees and “overnights” have prompted widespread criticism of the DNC and the administration. To the extent that issues have arisen over whether persons with questionable backgrounds gained inappropriate access to the White House by attending coffees, those topics are addressed in Chapters 29, 30 and 31. This chapter discusses allegations that White House and/or DNC officials improperly used the White House as a fundraising tool.

FINDINGS

- (1) Telephone calls made on federal property to solicit contributions from persons neither on federal property or employed by the federal government have been made by elected officials from both parties and prior administrations.**
- (2) There was nothing illegal about the one solicitation telephone call known to the Committee made by the President.**
- (3) There was nothing illegal about the solicitation telephone calls made by the Vice President.**

DNC COFFEES AT THE WHITE HOUSE

During the 1996 election cycle, the Democratic National Committee arranged for more than 1,000 individuals to attend so-called “coffees” -- get-togethers with President Clinton or Vice President Gore -- many of which were held at the White House. Many of the attendees were Democratic campaign contributors, prompting allegations that the coffees were fundraising events on federal property and, as such, were illegal and improper.

The Committee took testimony from, among others, DNC and White House personnel, coffee attendees, and reviewed documents produced to the Committee. FBI agents detailed to the Committee also questioned several individuals who had attended coffees. When a public hearing was held on the coffees on September 18, the Majority called as a “summary witness” Jerry Campana, the head of the team of FBI detailees. During his testimony, Campana presented charts which highlighted political contributions by some of the coffee attendees.

The evidence shows that the coffees were prompted by a January 5, 1995, memo to Nancy Hernreich, director of Oval Office operations, (and given to President Clinton) from Terry McAuliffe, who served as finance chair of the DNC until the end of that month, when he became finance chair of the Clinton re-election campaign.¹ In the memo, which was sent after McAuliffe met with the President, McAuliffe expressed his concern that -- in light of the Democratic defeat in the 1994 mid-term elections -- the President needed to “energize” his supporters. McAuliffe suggested that small groups of supporters be invited to the White House to meet with the President.²

McAuliffe’s suggestion was accepted and, on January 11, the DNC held the first of a series of coffees. By August 23, 1996, 103 coffees had been held at the White House -- 60 of them organized by the DNC Finance Division.³ The coffees were attended by a total of 1,241 people who were afforded an opportunity to meet with the President or the Vice President.⁴

The Clinton Administration and the DNC clearly hoped that the coffees organized by the DNC Finance Division would assist in the DNC’s fundraising efforts. They were arranged by the DNC’s Finance Division and, after the coffees were publicized in the press, the White House and DNC acknowledged that many of the coffees had a fundraising component. The coffees were aimed at encouraging and motivating “supporters” of the party, including both financial and political supporters.⁵ In February 1997, the President’s press secretary stated: “Obviously, the coffees were held in the hopes that people who talk with the President about these ideas and goals would share them and would continue to be or become political and financial supporters of the President.”⁶

The Coffees and Fundraising

DNC finance personnel and others active in political fundraising define a fundraising event -- which they call a “fundraiser” -- as an event with a “ticket price”: attendees are obliged to contribute a certain sum in order to attend.⁷ The evidence examined by the Committee establishes that the coffees were not fundraisers in that sense.

To begin with, they were not conceived as fundraisers. The McAuliffe memo does not suggest that attendees be obliged to contribute a certain amount of money -- or, indeed, any amount of money. The memo makes clear that McAuliffe, at least, did not see the coffees as a way to raise money for the Democratic Party or for the president’s re-election campaign. Harold Ickes, deputy chief of staff in the White House, testified that they were originally designed to help the President “reconnect” with his constituents and to reenergize them.⁸

More importantly, the coffees did not, in fact, operate like traditional fundraisers. McAuliffe, for example, testified:

Did we recommend . . . people whom we hoped would be helpful or had been helpful? You bet, but I always ended every phone call with you don’t--there’s no

quid pro quo, and you talk to the hundreds of thousands of donors that I dealt with. . . . People were invited to spend time. You understand, people didn't care. They all talk about this White House. It wasn't the White House. It was people to spend time with the president. They get an idea of what his policies were, are, were going to be, to get them energized. That's what it was all about.

As I've always said, I could[n't] have cared less if those first 10 coffees were done at McDonald's. It didn't matter to me. I needed people to see the President and get his vision for the future to get them energized, and that's what this was all about.⁹

As part of an effort to demonstrate that the coffees were fundraisers, some Committee members drew attention to DNC documents suggesting that every coffee was expected to, and did, raise \$400,000 and that DNC fundraising personnel sometimes credited contributions to specific coffees. For example, the DNC produced documents listing all the attendees at particular coffees that tally the contributions made by these individuals.

Although those documents would seem to suggest that the coffees were fundraising events, the Committee also found considerable evidence undermining that allegation. For example, the \$400,000 figure was arbitrary; it was used for every single coffee organized by the DNC regardless of the number of attendees or their identities.¹⁰ According to FBI agent Campana's testimony, only one of the 103 coffees actually resulted in \$400,000 being contributed by the attendees. With three exceptions, most contributions made by attendees around the time of the coffees were not attributed to the coffees. Finally, the evidence indicates that of the approximately 1600 contributions made by people who attended coffees, less than 5 were credited on the DNC check-tracking forms to the coffee.¹¹

Numerous DNC fundraisers were asked under oath whether the fundraiser had ever told a contributor that he or she could attend a coffee in exchange for a contribution. The DNC witnesses were also asked whether there was a specific amount of total contributions that were required for a contributor to receive a coffee invitation -- specifically, whether there was a \$50,000 ticket price to attend the coffees. The DNC fundraisers denied these charges: they all stated that no contribution was required to attend the event and no specific level of contributions was received from coffee attendees.¹²

Coffee attendees were also asked whether they were told that a specific contribution would allow them to attend a coffee at the White House. Every attendee deposed or interviewed by the Committee denied this charge. Roger Tamraz -- a witness who testified quite explicitly that he gave money in order to gain access to the White House¹³ -- stated that he was not asked to and did not make a political contribution to enable him to attend a coffee on April 1, 1996.¹⁴ FEC records support this claim, showing that his last large contribution to the DNC was in October of 1995.¹⁵ Similarly, Beth Dozoretz, Robert Belfer, Karl Jackson, and Clark Wallace, all of whom attended a coffee on June 18, 1996, testified that they were not asked to make a specific

contribution to attend this coffee.¹⁶ Richard Jenrette, who attended a coffee on September 7, 1995, testified in a similar fashion.¹⁷

The testimony is supported by documentary evidence. The records show that 466 of the 1,063 people who attended White House coffees -- 44 percent of the total -- contributed nothing to the DNC during the 1995/96 election cycle.¹⁸ In the case of several of the coffees, the majority of the attendees did not contribute. For example, Minority Exhibit 2049M (reproduced in the endnotes to this chapter) shows that only three of the eight people who attended a coffee on November 9, 1995, contributed to the DNC during the 1995/96 cycle.¹⁹

The Coffees as DNC Events

Although the coffees were not traditional fundraisers, they were certainly related to Democratic fundraising. The coffees organized by the Finance Division of the DNC were intended to motivate and encourage political and financial supporters of the president. For example, when Harold Ickes testified before this Committee, he said, "There's no question that those coffees helped facilitate fund-raising. There's no question about that, Senator. Nobody denies that, and anybody who denies that is sort of goofy, in my view."²⁰ In February 1997, the President Clinton's press secretary made the point this way: "Obviously, the coffees were held in the hope that people who talk to the President about these ideas and goals would share them and would continue to be or become political and financial supporters of the president."

Other witnesses used a variety of terms to describe the link between the coffees and party fundraising. Karen Hancox, deputy director of the White House political office, called them "fundraising tools."²¹ DNC officials Marvin Rosen and Ari Swiller said there was a "fundraising component."²² Donald Fowler, former DNC chairman, said the coffees had a "fundraising aspect."²³ Richard Sullivan, former DNC finance director, said that the coffees were helpful to the DNC's overall "fundraising goal."²⁴

Sullivan's testimony about the coffees being helpful to reach DNC fundraising goals seems to be the best description. DNC records produced to this Committee show clearly that although there was no "admission price" -- as in a traditional fundraising event -- the party did hope to raise money from coffee attendees. The documents show that there were periods during which the DNC and the White House were keeping track of how much money was contributed by coffee attendees, making it possible to determine whether the coffees were helping with overall fundraising.²⁵

No convincing evidence was presented to the Committee indicating that campaign contributions were solicited or received during White House coffees, which could have violated the Pendleton Act. All but one of the coffees was held in an area of the White House which is exempt from the Pendleton Act's restrictions. In addition, campaign solicitations were not a feature of the coffees.²⁶ The only coffee attendee who claims he heard a solicitation is Karl Jackson, a former aide to Vice President Dan Quayle. According to Jackson, DNC fundraiser

John Huang observed that elections are costly and then encouraged attendees at one coffee to “support the president.”²⁷ It is worth noting that Jackson is the only one of the more than 1,000 coffee attendees to make such an allegation and that even Jackson did not state that financial support or contributions were mentioned by Huang. Other witnesses who attended the coffee with Jackson also contradict him in important respects as explained in Chapter 4.²⁸ Jackson’s allegation that solicitation occurred at White House coffees is also undermined by videotapes of the opening segments of the coffees. None of the tapes contains any evidence of a solicitation. In fact, one tape shows an attendee attempting to give a contribution to DNC Chairman Donald Fowler and Fowler refusing to accept it.²⁹

The Law and Precedent

Under current law, it is not illegal for the President to invite supporters to the White House, or any other federal building, or even to hold a fundraising event in certain areas of the White House. As Harold Ickes told the Committee:

[A] president may entertain and meet with friends and political supporters, contributors, fund-raisers, and otherwise, as well as with members of Congress and heads of state in the White House. He may have coffee or even tea with his friends and political supporters, and it is perfectly permissible for them to stay overnight. . . . [A] President and a Vice President, and certainly Senators and members of Congress, may--indeed, it is a custom of longstanding that they do--meet with supporters, including contributors and fund-raisers, as well as ordinary citizens, be gracious to them, discuss matters of public policy with them, and, yes, listen to their concerns. It simply is not illegal or untoward for a President or a Vice President to grant access to supporters any more than it is illegal or inappropriate for United States Senators or members of Congress to grant access to their supporters, constituents, political leaders, contributors, and fund-raisers alike, or any more than it is illegal or improper [for] the RNC to thank its members of its Team 100 or its Eagles Club by inviting them to dine at the Capitol to meet with congressional leaders.³⁰

Even the Majority’s summary witness on the subject of the coffees -- FBI detailee Jerome Campana -- did not assert that the coffees were illegal or even improper. “I am not suggesting they are improper,” he testified. “I am not suggesting anything illegal.” His only conclusion, based on his analysis, was that the coffees were “in the nature of fund-raising tools.”³¹ Moreover, many of President Clinton’s predecessors have used the White House for political gatherings resembling the coffees, including former Presidents Gerald Ford, Ronald Reagan, and George Bush.³²

WHITE HOUSE OVERNIGHTS

The Clinton Administration has been heavily criticized for apparently using overnight visits to the White House to reward contributors. In late 1996, it was reported in the press that large

numbers of campaign contributors had been invited to stay overnight at the White House, often in the Lincoln Bedroom. These reports prompted allegations that the Lincoln Bedroom was, in effect, being “rented” to contributors.

Although such allegations received widespread attention, the Committee found no evidence of a systematic scheme to trade overnight visits to the White House for campaign contributions. Most of the visitors were longtime friends and supporters of the president;³³ continuing a practice of both Presidents Reagan and Bush. The Committee found no evidence that visits were tied to specific contributions.³⁴ Moreover, the Committee found no evidence that any of the overnight visitors was solicited for a contribution during the visit.

The use of the overnights as a fundraising tool was not illegal -- and was not nearly as extensive as alleged by the Majority. As in the case of the White House coffees, the DNC and the administration used access to the White House and to the president as a way of cementing ties to campaign contributors.

CONCLUSION

The evidence presented to this Committee shows that the coffees were not traditional fundraising events, that money was not solicited or received at the coffees, and that the Lincoln Bedroom was not rented out to contributors.

1. Exhibit 1217: Memorandum from Terence McAuliffe to Nancy Hernreich, 1/5/93 [sic], CGRO 1569-70.
2. Terence McAuliffe deposition, 6/6/97, pp. 98-99.
3. Exhibit 1238: White House Political Coffees.
4. Jerome Campana, 9/18/97 Hrg., p. 184.
5. Exhibit 1238: White House Political Coffees.
6. Senator Levin, 9/18/97 Hrg., p. 227.
7. As explained by Richard Sullivan in his deposition and affirmed by him during the hearings: "The coffees weren't fundraisers per se, they were not, I consider a fundraiser to be a--my general description of a fundraiser is we are holding a dinner at the Hilton Hotel; to have a seat we need to contribute a \$1,000 for a ticket or \$15,000 for a table. We would like your money to be in hand or to have a general commitment. That was not what they were." Richard Sullivan deposition, 6/4/97, p. 91; Richard Sullivan, 7/9/97 Hrg., p. 82.
8. Harold Ickes, 10/8/97 Hrg., pp. 144-145; Harold Ickes deposition, 6/26/97, pp. 64-65.
9. Terence McAuliffe deposition, 6/6/97, p. 99.
10. Richard Sullivan deposition, 6/4/97, pp. 86-89.
11. Jerome Campana, 9/18/97 Hrg., p. 208.
12. Ann Braziel deposition, 5/13/97, pp. 117, 126; Ari Swiller deposition, 5/6/97, p. 148; Terence McAuliffe deposition, 6/6/97, pp. 98-99.
13. Senator Levin, 9/18/97 Hrg., p. 63: "Was one of the reasons that you made these contributions because you believed it might get you access? That is my question.
Mr. Tamraz. Senator, I'm going even further. It's the only reason to get access. . ."
14. Referring to Tamraz's last substantial contribution to the DNC, Minority Chief Counsel asked Tamraz: "[W]hen you made the \$100,000 contribution you knew that you had no expectation at that time of going to an event at the White House, right?" Tamraz replied: "No, but the way I view my relationship with the DNC or the RNC is not one or two years. It's a life-long relationship." Roger Tamraz deposition, 5/13/97, p. 139.
15. FEC records.
16. Beth Dozoretz, 9/16/97 Hrg., pp. 129-32; Robert Belfer deposition, 9/6/97, pp. 9-10; Karl Jackson, 9/16/97 Hrg., pp. 43-44; Clark Wallace, 9/16/97 Hrg., pp. 127-28.

17. Jenrette was asked: “Were you asked to contribute a certain amount of money in order to attend this event?” and he responded, “No.” Richard Jenrette, 10/29/97 Hrg., p. 74.

18. This analysis was based on records of coffee attendees. Duplicate names were counted once. Spouses who attended a coffee were counted separately. All employees of the DNC and White House, including those in the offices of the President and the Vice-President were not counted. Soft money contributions to the DNC from coffee attenders or organizations with which they were affiliated were reviewed.

The Minority found that 1063 different people attended the 103 coffees. This figure includes 537 people at the 60 DNC-sponsored coffees; 422 people at the 32 Political and Community Leaders Coffees; and 104 people at the 11 Clinton sponsored coffees. (At the hearing, the Majority found that 532 individuals attended the 60 DNC-sponsored coffees, a difference of five people compared to the Minority analysis.)

Regarding coffee attendees who did not contribute to the DNC, the Minority found that 41 individuals, or 39 percent, of the Clinton campaign sponsored coffees did not contribute. For the Political and Community Leaders Coffees, the total was 313, or 74 percent who did not contribute to the DNC. For the DNC-sponsored coffees, the total was 112, or 21 percent who did not contribute to the DNC in the 1996 election cycle. Overall, 466 coffee attendees, or 44 percent of the 1,063 total attendees did not appear to have contributed personally or through their organizations to the DNC in the 1996 election cycle. It is possible that coffee attendees may have contributed directly to other Democratic party committees, such as the DCCC or the DSCC, or to President Clinton’s re-election campaign.

The Majority did not do a similar analysis.

19. Minority Exhibit 2049M describes a DNC-sponsored coffee at the White House that was held on November 9, 1995:

November 9, 1995 DNC-Sponsored Coffee at the White House		
Contributor	Contributions within ONE WEEK of Coffee	Total Contributions in 1996 Election Cycle
David F. Babensee	\$0	\$0
Joe Barreto	\$0	\$0
Javier Bianco	\$0	\$0
Greg Cortes	\$0	\$26,000
Maxinne Lausell	\$0	\$0
Miguel D. Lausell	\$100,000	\$100,000
Fernanco Lloveras	\$0	\$0

Richard Machado	\$0	\$52,100
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20. Harold Ickes, 10/8/97 Hrg., p. 170.
21. Karen Hancox deposition, 6/9/97, p. 64.
22. Marvin Rosen deposition, 5/19/97, p. 35; Jacob Aryeh Swiller deposition, 5/6/97, p. 141.
23. Donald Fowler deposition, 5/21/97, p. 111.
24. Richard Sullivan, 7/9/97 Hrg., p. 86.
25. Jerome Campane, 9/18/97 Hrg., p. 182.
26. See Chapter 24, *supra*.
27. Karl Jackson, 9/16/97 Hrg., p. 11.
28. Beth Dozoretz, 9/16/97 Hrg., p. 119; Robert Belfer deposition, 9/6/97, pp. 77, 81-82. For more information, see Chapter 4 on Huang.
29. 12/13/95 Coffee tape.
30. Harold Ickes, 10/7/97 Hrg., pp. 91-92 (emphasis added).
31. Jerome Campane, 9/18/97 Hrg., p. 218.
32. See Chapter 28: Republican Use of Federal Property and Contributor Access.
33. New York Times, 3/2/97; SUP 005303; Exhibit 1229: Overnight Guests in Response to Request, EOP 029074.
34. During testimony to the Committee, Special Agent Campane presented an analysis of 38 persons who stayed overnight from 1993 through 1996. He testified that he did not examine the other 13 overnight guests. He indicated that of the 38 persons he examined, 37 combined to contribute more than \$4 million to the DNC in the 1996 election cycle and 21 of the 38 contributed more than \$880,000 to the DNC within one month of the stay. This chart was based on Exhibit 1229 which identifies 51 individuals and the specific dates on which they stayed overnight at the White House.

Mr. Campane did not attempt to determine whether the contributions were, in fact, linked to the overnight stays or were instead attributed to other events or corporate contributions. He also did not attempt to determine whether any of the persons had personal or professional

relationships with the President beyond that of political donors. As Mr. Campane admitted:

Q: So Roy Furman, who appears as a former finance chair of the DNC; Mr. Grossman is the current national chair of the DNC; Mr. Solomont is the current finance chair of the DNC--these are all people who have other relationships with the President than simply giving money; isn't that right? There might be other reasons why he would ask them to stay at the White House.

A: Yes, there may be other relationships other than just giving money.

Jerome Campane, 9/18/97 Hrg., p. 214.

Exhibit 2051M also demonstrates that individuals who stayed overnight at the White House did not contribute solely to the DNC. This chart lists two individuals who stayed overnight at the White House and contributed both to the DNC and the RNC. One of them, Carl H. Lindner, contributed more to the RNC than to the DNC and gave \$35,000 to the RNC and nothing to the DNC within one month of his overnight stay. Campane conceded that he did not analyze if any White House coffee or overnight guests contributed to the RNC. Jerome Campane, 9/18/97 Hrg., p. 215.